

**CHAPTER NO. 620**

**SENATE BILL NO. 3324**

**By Haynes**

**Substituted for: House Bill No. 3413**

**By McMillan**

AN ACT to amend Tennessee Code Annotated, Title 48, relative to the regulation of certain business organizations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 48, is amended by inserting Sections 2 through 10 of this act as a new, appropriately designated chapter thereto.

SECTION 2. This chapter shall be known and may be cited as, the "Tennessee Revised Nonprofit Limited Liability Company Act."

SECTION 3. As used in this chapter, unless the context otherwise requires:

(1) "LLC" means a limited liability company, whether foreign or domestic, that is formed under, that is subject to, or that has elected to be governed by, as applicable, the LLC Act, except where expressly indicated otherwise;

(2) "LLC Act" means the Tennessee Revised Limited Liability Company Act compiled in Chapter 249 of this title;

(3) "Nonprofit corporation," means a nonprofit corporation, whether foreign or domestic, incorporated pursuant to or subject to the provisions of Chapters 51-68 of this title and exempt from franchise and excise tax as not-for-profit as defined in § 67-4-2004;

(4) "Nonprofit LLC" means an LLC that has complied with the requirements of this chapter;

(5) "Parent nonprofit corporation" means a nonprofit corporation that is the sole member of a nonprofit corporation;

(6) "Prior Act" means the Nonprofit Limited Liability Company Act of 2001, compiled in Chapter 101, Part 7 of this title; and

(7) "Subsidiary nonprofit corporation" means a nonprofit corporation, the sole member of which is also a nonprofit corporation.

SECTION 4. The LLC Act shall apply to nonprofit LLCs, both domestic and foreign, to the extent not inconsistent with this chapter.

SECTION 5. A nonprofit corporation may form a domestic nonprofit LLC that meets the requirements of Section 6 by filing articles of organization with the secretary of state that prominently designate it as a nonprofit LLC and that comply with the LLC Act. A foreign nonprofit LLC may obtain a certificate of authority to transact business in this state under the LLC Act and thereby become subject to and governed by this chapter as a nonprofit LLC only if the foreign nonprofit LLC meets the requirements of Section 6.

SECTION 6. A domestic or foreign nonprofit LLC under this chapter must:

(1) Be disregarded as an entity for federal income tax purposes; and

(2) Have as its sole member a nonprofit corporation, whether foreign or domestic, that is incorporated under or subject to the provisions of Chapters 51-68 of this title and that is exempt from franchise and excise tax as not-for-profit as defined in § 67-4-2004.

SECTION 7. (a) The standards of conduct established in §§ 48-58-301, 48-58-302, 48-58-303, 48-58-304, and 48-58-403 that are applicable to the directors, officers, employees and agents of the nonprofit corporation that is the sole member of a domestic nonprofit LLC shall likewise apply to the directors, managers, officers, employees and agents, as applicable, of the domestic nonprofit LLC.

(b) The indemnification provisions of Title 48, Chapter 58, Part 5 that are applicable to the directors, officers, employees and agents of the nonprofit corporation that is the sole member of a domestic nonprofit LLC shall likewise apply to the directors, managers, officers, employees and agents, as applicable, of the domestic nonprofit LLC.

(c) The limitation of actions and immunity from actions provided in Title 48, Chapter 58, Part 6 that are applicable to the directors, officers, trustees and members of the nonprofit corporation that is the sole member of a domestic nonprofit LLC shall likewise apply to the directors and managers, as applicable, of the domestic nonprofit LLC.

(d) The attorney general and reporter shall have such authority, rights and obligations over nonprofit LLCs as the attorney general and reporter have over nonprofit corporations pursuant to Chapters 51-68 of this title.

(e) If the nonprofit corporation that is the sole member of a domestic nonprofit LLC is a "private foundation" as defined in § 509(a) of the Internal Revenue Code of 1986, as amended, or any successor provision thereof, the requirements of § 48-51-501 shall likewise apply to the domestic nonprofit LLC.

SECTION 8. Consistent with § 67-4-2007(d) for excise tax purposes and § 67-4-2106(c) for franchise tax purposes, a nonprofit LLC shall be disregarded as an entity separate from the nonprofit corporation that is the sole member of the nonprofit LLC for purposes of all state and local taxes. The nonprofit LLC shall file annual reports and other filings with the office of the secretary of state as required of all LLCs.

SECTION 9. (a) A subsidiary nonprofit corporation incorporated in this state may be converted to a domestic nonprofit LLC pursuant to this section.

(b) The terms and conditions of a conversion of a subsidiary nonprofit corporation to a domestic nonprofit LLC must be approved by the board of directors of the subsidiary nonprofit corporation and the parent nonprofit corporation.

(c) After the conversion is approved under subsection (b), the converting subsidiary nonprofit corporation shall file with the secretary of state a certificate of conversion that satisfies the requirements of § 48-249-703 of the LLC Act and articles of organization that satisfy the requirements of Section 5. Such certificate of conversion shall prominently designate the LLC as a nonprofit LLC and shall also include:

(1) A statement that the converting subsidiary nonprofit corporation is being converted to a nonprofit LLC;

(2) The name of the converting subsidiary nonprofit corporation and the address of its principal office; and

(3) A statement that the terms and conditions of the conversion have been approved by the board of directors of the converting subsidiary nonprofit corporation and the parent nonprofit corporation.

(d) The conversion is effective when the certificate of conversion is filed with the secretary of state or at any future effective date or time if specified in the certificate of conversion. The filing of a certificate of conversion with the secretary of state, in compliance with this section, shall constitute and, for purposes of Chapter 64 of this title, be deemed to be articles of termination of corporate existence of the subsidiary nonprofit corporation.

(e) When any conversion of a subsidiary nonprofit corporation to a domestic nonprofit LLC has become effective under this section, for all purposes of the laws of this state:

(1) The domestic nonprofit LLC shall be deemed to be the same entity as the converting subsidiary nonprofit corporation;

(2) All of the rights, privileges and powers of the converting subsidiary nonprofit corporation, and all property, real,

personal and mixed, of and all debts due to the converting subsidiary nonprofit corporation, as well as all other things and causes of action belonging to the converting subsidiary nonprofit corporation, shall be and remain vested in the domestic nonprofit LLC and shall be the property of the domestic nonprofit LLC;

(3) Title to any real property vested by deed or otherwise in the converting nonprofit subsidiary corporation shall not revert or be in any way impaired by reason of this section;

(4) All rights of creditors and all liens upon any property of the converting subsidiary nonprofit corporation shall be preserved unimpaired;

(5) All debts, liabilities, and obligations of the converting subsidiary nonprofit corporation shall remain attached to the domestic nonprofit LLC, and may be enforced against it to the same extent as if said debts, liabilities, and obligations had originally been incurred or contracted by it in its capacity as a domestic nonprofit LLC;

(6) Any action or proceeding pending against the converting subsidiary nonprofit corporation may be continued against the domestic nonprofit LLC as if the conversion had not occurred; and

(7) The rights, privileges, powers and interests in property of the converting subsidiary nonprofit corporation, as well as the debts, liabilities, and obligations of the converting subsidiary nonprofit corporation, shall not be deemed, as a consequence of the conversion, to have been transferred to the domestic nonprofit LLC for any purpose of the laws of this state.

(f) The converting subsidiary nonprofit corporation shall not be required to wind up its affairs or to pay its liabilities and distribute its assets, and the conversion of the converting subsidiary nonprofit corporation to the domestic nonprofit LLC shall not be deemed to constitute a dissolution of the converting subsidiary nonprofit corporation.

(g) The ownership interests or membership of the parent nonprofit corporation in the converting subsidiary nonprofit corporation shall become membership interests in the domestic nonprofit LLC.

#### SECTION 10.

(a)(1) The provisions of this chapter apply to:

(A) Every domestic nonprofit LLC formed on or after July 1, 2006; and

(B) Any domestic nonprofit LLC that was formed prior to July 1, 2006, and that has elected to be governed by the LLC Act pursuant to § 48-249-1002.

(2) If there are other specific statutory provisions that govern the formation of, impose restrictions or requirements on, confer special powers, privileges or authorities on or fix special procedures or methods for special categories of LLCs, then to the extent such provisions are inconsistent with or different from this chapter, such provisions shall prevail.

(3) A domestic nonprofit LLC that was formed between December 31, 2005, and July 1, 2006, may elect to be governed by the LLC Act pursuant to § 48-249-1002 to the same extent as a domestic nonprofit LLC that was formed prior to January 1, 2006.

(b) Any domestic nonprofit LLC that was formed prior to July 1, 2006, under the Prior Act and that does not voluntarily elect to be governed by the LLC Act as provided in subsection (a) shall continue to be governed by the Prior Act.

(c) The provisions of this chapter apply to every foreign nonprofit LLC that first files an application for a certificate of authority under the LLC Act on or after July 1, 2006. With respect to each foreign nonprofit LLC that first filed an application for a certificate of authority prior to July 1, 2006, the Prior Act shall apply to such foreign nonprofit LLC until the due date of the first annual report required to be filed by such foreign nonprofit LLC on or after July 1, 2006, after which due date this chapter shall apply to such foreign nonprofit LLC, except that such foreign nonprofit LLC shall not be required to obtain a new certificate of authority.

(d) This chapter does not affect an action or proceeding commenced or right accrued under the Prior Act.

SECTION 11. Tennessee Code Annotated, Section 48-249-102, is amended by deleting the first sentence of subdivision (2) and by substituting instead the following:

“Articles” or “articles of organization” means, in the case of an LLC, articles of organization or, to the extent applicable with respect to an LLC initially formed under and governed by the Tennessee Limited Liability Company Act, compiled in Chapters 201-248 of this title, articles of conversion, taken together with all of the following, to the extent they modify, correct, restate or otherwise affect the articles of organization or articles of conversion: articles of amendment, articles of correction, certificates of merger and all documents required to be filed with any of the articles of amendment, articles of correction and certificates of merger, as part of the formation and continuation of an LLC.

SECTION 12. Tennessee Code Annotated, Section 48-249-102(9)(A), is amended by inserting the language “whether as members or holders of financial

rights,” between the language “in the aggregate,” and the language “at least fifty percent”.

SECTION 13. Tennessee Code Annotated, Section 48-249-102, is amended by deleting the word “ancestor” in subdivision (9)(B)(i)(d) and substituting instead the word “relative”.

SECTION 14. Tennessee Code Annotated, Section 48-249-102(9)(B), is amended by inserting the following as a new subdivision (iii) thereto:

(iii) For purposes of this subdivision (9), the word “fiduciary,” as used in § 267(b) of the Code, shall be treated as a trust and an entity;

SECTION 15. Tennessee Code Annotated, Section 48-249-102(20), is amended by deleting the language “not a manager-managed LLC or a director-managed LLC” and by substituting instead the language “so designated in its articles”.

SECTION 16. Tennessee Code Annotated, Section 48-249-106, is amended by deleting the last sentence of subdivision (d)(3).

SECTION 17. Tennessee Code Annotated, Section 48-249-108(b)(1), is amended by deleting the language “and date” between the words “the jurisdiction” and the words “of its formation”.

SECTION 18. Tennessee Code Annotated, Section 48-249-108(e), is amended by inserting the word “foreign” between the language “when the” and the language “LLC becomes”.

SECTION 19. Tennessee Code Annotated, Section 48-249-112(b), is amended by deleting the word “conduct” and by substituting instead the word “conducts”.

SECTION 20. Tennessee Code Annotated, Section 48-249-205(b)(14), is amended by deleting the language “§ 48-249-403(c), (i)(4)(B), (i)(4)(C), (j)(2) or (j)(3)” and by substituting instead the language “§ 48-249-403(c), (h)(2), (i)(4)(B), (i)(4)(C), (j)(2) or (j)(3)”.

SECTION 21. Tennessee Code Annotated, Section 48-249-205(b)(1), is amended by deleting the word “individual” and by substituting instead the language “individual or vary the requirement under § 48-249-102(22) that an officer be an individual”.

SECTION 22. Tennessee Code Annotated, Section 48-249-205(b)(19), is amended by inserting the language “§ 48-249-401(f)(7), Part 10 or” between the language “the provisions of” and the language “Part 11 of”.

SECTION 23. Tennessee Code Annotated, Section 48-249-304(a), is amended by deleting the language “among the members or holders of financial rights” and by substituting instead the language “among the members and holders of financial rights”.

SECTION 24. Tennessee Code Annotated, Section 48-249-305(d), is amended by deleting the language “regardless of the contribution of the member or holder, nor may a member or holder” and by substituting instead the language “regardless of the contribution of the member or holder. Neither a member nor a holder may”.

SECTION 25. Tennessee Code Annotated, Section 48-249-307(b), is amended by inserting the language “or the LLC documents” before the period at the end of that subsection.

SECTION 26. Tennessee Code Annotated, Section 48-249-307(d), is amended by deleting the current language in its entirety and by substituting instead the following:

(d) A member or holder of financial rights who receives a distribution from an LLC or a member, manager or director who votes for or consents to such distribution shall have no liability under this section or other applicable law for the amount of the distribution after the expiration of three (3) years from the date of the distribution.

SECTION 27. Tennessee Code Annotated, Section 48-249-309(g), is amended by deleting the first sentence in its entirety and by substituting instead the following:

A series of an LLC may be terminated and its affairs wound up without causing the dissolution of the LLC or the termination of any other series of the LLC and without affecting the limitation on liability of the terminated series or any other series of the LLC.

SECTION 28. Tennessee Code Annotated, Section 48-249-401(f)(3), is amended by deleting the language “§ 48-249-302(c)” and by substituting instead the language “§ 48-249-302(a)”.

SECTION 29. Tennessee Code Annotated, Title 48, Chapter 249, Part 4, is amended by inserting the following as a new, appropriately designated section thereto:

Any action alleging breach of fiduciary duties by members, managers, directors or officers, including alleged violations of the standards established in § 48-249-403 or § 48-249-404, must be brought within one (1) year from the date of such breach or violation; provided, that in the event the alleged breach or violation is not discovered nor reasonably should have been discovered within the one-year period, the period of limitation shall be one (1) year from the date such was discovered or reasonably should have been discovered. In no event shall any such action be brought more than three (3) years after the date on which the breach or violation occurred, except where there is fraudulent concealment on the part of the defendant, in which case the action shall be commenced within one (1) year after the alleged breach or violation is, or should have been, discovered.

SECTION 30. Tennessee Code Annotated, Section 48-249-503(b)(1), is amended by inserting the following language at the end of that subdivision:

A provision in the LLC documents that negates any right of a member to terminate the member's membership interest shall also automatically negate the corresponding power of the member to terminate the member's membership interest unless the corresponding power of the member to terminate the member's membership interest is expressly reserved. Any attempted termination of a member's membership interest as to which the power to terminate has been negated shall be null and void.

SECTION 31. Tennessee Code Annotated, Section 48-249-503(b)(2), is amended by deleting the language "family member's membership interest or financial rights" at the end of the second sentence and by substituting instead the language "membership interest or financial rights of a member of a family LLC".

SECTION 32. Tennessee Code Annotated, Section 48-249-504, is amended by designating the current language as subsection (a) and by inserting the following as a new subsection (b) thereto:

(b) Nothing in this section shall be deemed to provide a member with the power to terminate such member's membership interest if the LLC documents negate or, pursuant to § 48-249-503(b)(1), are deemed to negate such power.

SECTION 33. Tennessee Code Annotated, Section 48-249-508(a), is amended by inserting the language ", 48-249-507" between the language "48-249-506" and the language "and this section".

SECTION 34. Tennessee Code Annotated, Section 48-249-601(a)(1), is amended by deleting the language "the LLC articles" wherever it appears and by substituting instead the language "the articles".

SECTION 35. Tennessee Code Annotated, Section 48-249-610(a)(2), is amended by deleting the word "Section" and by substituting instead the word "Sections".

SECTION 36. Tennessee Code Annotated, Section 48-249-611(d), is amended by deleting the language "subsections (b) and (c)" and by substituting instead the language "subsection (b) or (c)".

SECTION 37. Tennessee Code Annotated, Section 48-249-702(b), is amended by inserting the following language at the end of that subsection:

Notwithstanding the absence of any express provision in the Uniform Partnership Act, compiled in Title 61, Chapter 1, permitting or authorizing a partnership formed under that act to merge with or into an LLC, a partnership formed under the Uniform Partnership Act is authorized to merge with or into one (1) or more LLCs upon the approval by all of the



partners of the partnership or by the number or percentage of partners specified for merger in the partnership agreement of the partnership.

SECTION 38. Tennessee Code Annotated, Section 48-249-702(c), is amended by deleting the current language in its entirety and by substituting instead the following:

(c)(1) The agreement or plan of merger shall be approved on behalf of any domestic LLC that is a constituent party to the merger, by:

(A) A majority vote of the managers, if the LLC is a manager-managed LLC, or a majority vote of the directors, if the LLC is a director-managed LLC; and

(B) A majority vote of the members, whether the LLC is a member-managed LLC, a manager-managed LLC or a director-managed LLC.

(2) In the event a domestic LLC merges with or into a domestic or foreign partnership or limited partnership and the partnership or limited partnership is the surviving entity, the agreement or plan of merger shall be subject to the approval of any member or holder of the domestic LLC who, at the effective date or time of the merger, becomes a partner of the domestic or foreign partnership or a general partner of the domestic or foreign limited partnership, as applicable.

SECTION 39. The Tennessee Code Commission is requested to delete the subdivision heading designated for Tennessee Code Annotated, Section 48-249-702(k)(1), and to instead insert the same as the subsection heading designated for Tennessee Code Annotated, Section 48-249-702(k).

SECTION 40. Tennessee Code Annotated, Section 48-249-703(b)(1), is amended by inserting the language “, date of formation” between the language “The jurisdiction” and the language “and type of entity”.

SECTION 41. Tennessee Code Annotated, Section 48-249-703(g), is amended by inserting the following language at the end of that subsection:

Notwithstanding the absence of any express provision in the Uniform Partnership Act, compiled in Title 61, Chapter 1, or the Tennessee Revised Uniform Limited Partnership Act, compiled in Title 61, Chapter 2, permitting or authorizing a partnership formed pursuant to the Uniform Partnership Act or a limited partnership formed pursuant to the Tennessee Revised Uniform Limited Partnership Act to convert to an LLC, each of a partnership formed pursuant to the Uniform Partnership Act and a limited partnership formed pursuant to the Tennessee Revised Uniform Limited Partnership Act is authorized to convert to an LLC upon the approval by all of the partners of the partnership or limited partnership, as applicable, or by the number or percentage of partners

specified for conversion in the partnership agreement of the partnership or the limited partnership agreement of the limited partnership, as applicable.

SECTION 42. Tennessee Code Annotated, Section 48-249-703(h)(1), is amended by deleting the current language in its entirety and by substituting instead the following language:

(1) The conversion shall be approved in the manner provided by any document, instrument, agreement or other writing governing the internal affairs of the converting other entity and the conduct of its business, as appropriate, and if:

(A) The converting other entity is a partnership formed pursuant to the Uniform Partnership Act, compiled in Title 61, Chapter 1, or a limited partnership formed pursuant to the Tennessee Revised Uniform Limited Partnership Act, compiled in Title 61, Chapter 2, in the manner provided for in subsection (g); or

(B) The converting other entity is other than a partnership formed pursuant to the Uniform Partnership Act, compiled in Title 61, Chapter 1, or a limited partnership formed pursuant to the Tennessee Revised Uniform Limited Partnership Act, compiled in title 61, chapter 2, in the manner provided by applicable laws of the jurisdiction of the converting other entity; and

SECTION 43. Tennessee Code Annotated, Section 48-249-704(b), is amended by inserting the following language at the end of that subsection:

Notwithstanding the absence of any express provision in the Tennessee Business Corporation Act, compiled in Title 48, Chapters 11-27, the Uniform Partnership Act, compiled in Title 61, Chapter 1, or the Tennessee Revised Uniform Limited Partnership Act, compiled in Title 61, Chapter 2, permitting or authorizing an LLC to convert to a corporation formed pursuant to the Tennessee Business Corporation Act, a partnership formed pursuant to the Uniform Partnership Act, or a limited partnership formed pursuant to the Tennessee Revised Uniform Limited Partnership Act, an LLC is authorized to convert to a corporation formed pursuant to the Tennessee Business Corporation Act, a partnership formed pursuant to the Uniform Partnership Act, or a limited partnership formed pursuant to the Tennessee Revised Uniform Limited Partnership Act.

SECTION 44. Tennessee Code Annotated, Section 48-249-704(c), is amended by deleting the current language in its entirety and by substituting instead the following:

(c)(1) The conversion of a domestic LLC to another entity shall be approved by:

(A) A majority vote of the managers, if the LLC is a manager-managed LLC, or a majority vote of the directors, if the LLC is a director-managed LLC; and

(B) A majority vote of the members, whether the LLC is a member-managed LLC, a manager-managed LLC or a director-managed LLC.

(2) In the event a domestic LLC converts to a domestic or foreign partnership or to a domestic or foreign limited partnership, the conversion shall be subject to the approval of any member or holder of the domestic LLC who, at the effective date or time of the conversion, becomes a partner of the domestic or foreign partnership or a general partner of the domestic or foreign limited partnership, as applicable.

SECTION 45. The Tennessee Code Commission is requested to delete the word “certification” in the subsection heading designated for Tennessee Code Annotated, Section 48-249-704(f), and to substitute instead the word “certificate”.

SECTION 46. Tennessee Code Annotated, Section 48-249-901(1), is amended by deleting the language “its formation and internal affairs” and by substituting instead the language “its formation, internal affairs and dissolution”.

SECTION 47. Tennessee Code Annotated, Section 48-249-903(e), is amended by deleting the language “, renew a reserved name”.

SECTION 48. Tennessee Code Annotated, Section 48-249-904(a), is amended by deleting the following language:

A foreign LLC may obtain a certificate of authority by complying with this section, and, filing for a certificate of authority with the secretary of state setting forth the following:

and by substituting instead the following language:

A foreign LLC may obtain a certificate of authority by complying with this section and filing with the secretary of state an application for certificate of authority setting forth the following:

SECTION 49. Tennessee Code Annotated, Section 48-249-909(a), is amended by deleting the language “§ 48-249-908(5)” and by substituting instead the language “§ 48-249-908(6)”.

SECTION 50. Tennessee Code Annotated, Section 48-249-1002(a)(1)(C), is amended by deleting the language “subdivisions (a)(1) and (2)” and by substituting instead the language “subdivisions (a)(1)(A) and (B)”.

SECTION 51. Tennessee Code Annotated, Section 48-249-1002(d), is amended by inserting the following language between the language “January 1, 2006” and the period at the end of the first sentence of that subsection:

, to every foreign LLC that registers a name in this state on or after January 1, 2006, and to every foreign LLC that has registered a name in this state prior to January 1, 2006, pursuant to the Tennessee Limited Liability Company Act, compiled in Chapters 201-248 of this title

SECTION 52. Tennessee Code Annotated, Section 48-249-1013, is amended by deleting the language “48-249-108” in both subsection (a) and subsection (b) and by substituting instead an appropriately designated reference to Section 9 of this act.

SECTION 53. Tennessee Code Annotated, Section 48-249-1013(b), is amended by deleting the language “time or date” in both places that it appears in the second sentence of the subsection and by substituting instead the language “time and date”.

SECTION 54. The Tennessee Code Commission is requested to delete the word “Chapter” from the section heading designated for Tennessee Code Annotated, Section 48-249-1102, and by substituting instead the word “Part”.

SECTION 55. Tennessee Code Annotated, Section 48-249-1108(a)(1), is amended by deleting the language “provisions of this subdivision (a)(1)” and by substituting instead the language “words or abbreviations provided for in this subdivision (a)(1)”.

SECTION 56. Tennessee Code Annotated, Section 48-249-1109(b)(3), is amended by deleting the word “and” after the language “the PLLC’s articles;” and by substituting instead the language “and/or”.

SECTION 57. Tennessee Code Annotated, Section 48-249-1111, is amended by deleting subsection (a) and by substituting instead the following:

(a) A PLLC shall purchase, or cause to be purchased by a qualified person, the membership interest of any member and the financial rights of any holder of financial rights, at a price that represents the fair value of the membership interest or financial rights as of the date of the occurrence of the event giving rise to the PLLC’s purchase obligation under this subsection (a), from the personal representative of the member or holder of financial rights, the member or holder of financial rights or the disqualified person to whom the membership interest or financial rights has or have been transferred, as applicable, in accordance with the provisions of this section, if:

(1) The member or holder of financial rights dies;

(2) The member or holder of financial rights becomes a disqualified person, except as provided in subsection (c);

(3) The membership interest of a member or the financial rights of a holder is or are transferred by operation of law or court

judgment to a disqualified person, except as provided in subsection (c); or

(4) The member or holder of financial rights retires, withdraws from or terminates employment with the PLLC.

SECTION 58. Tennessee Code Annotated, Section 48-21-101(2), is amended by deleting the language "foreign corporation or limited partnership" wherever it appears and by substituting instead the language "foreign corporation, limited liability company or limited partnership".

SECTION 59. Tennessee Code Annotated, Section 48-21-110(a)(2), is amended by inserting the language "or § 48-249-702, as applicable" before the period at the end of that subdivision.

SECTION 60. Tennessee Code Annotated, Section 48-21-111(a), is amended by deleting the current language in its entirety and by substituting instead the following:

(a) As used in this section, "limited liability company" means any limited liability company formed pursuant to the Tennessee Revised Limited Liability Company Act, compiled in Title 48, Chapter 249.

SECTION 61. Tennessee Code Annotated, Section 48-21-111(c)(4), is amended by deleting the language "Chapter 209 of this title" and by substituting instead the language "§ 48-249-204".

SECTION 62. Tennessee Code Annotated, Section 48-21-111(e), is amended by deleting the following language:

After a plan of conversion is approved by the shareholders, the corporation shall file articles of conversion with the office of the secretary of state, which satisfy the requirements of § 48-205-101 and also shall include:

and by substituting instead the following:


After a plan of conversion is approved by the shareholders, the corporation shall file a certificate of conversion and articles of organization with the office of the secretary of state, which satisfy the requirements of § 48-249-703, and the certificate of conversion shall also include:

SECTION 63. Tennessee Code Annotated, Section 48-21-112(d), is amended by deleting the language "Chapters 201-248" and by substituting instead the language "Chapter 249".

SECTION 64. This act shall take effect July 1, 2006, the public welfare requiring it.

**PASSED: April 20, 2006**

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 5<sup>th</sup> day of May 2006**

  
PHIL BREDESEN, GOVERNOR